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# Why China won't conquer the world

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*by* XU XINRAN • OCT. 2, 2011

Is China going to oust the United States as the world's superpower? Is China really ready to rule the world? For nearly a decade now, on book tours that have taken me all over the globe, this is the one subject I am always guaranteed to be grilled on.

I can understand why people ask me. My name is Xinran and I was born in Beijing in 1958. I am a British-Chinese broadcaster and author, and have lived in London since 1997, where I initially worked as a cleaner. I have a foot in both cultures, and yet, when my readers ask me whether Western fears that power is shifting inexorably to the East are justified, I struggle to answer them.

China is a sleeping lion, Napoleon once warned. "Let her sleep, for when she wakes she will shake the world." Nearly two centuries later, this lion is not only awake, but roaring. Foreign companies in Asia, factories in Africa, and even villages in Italy and streets in France have been snapped up by perspicacious Chinese businessmen. Growth may have slowed in the midst of the world debt crisis, but China remains the world's low-cost manufacturer and the US's biggest creditor, with one Washington think tank recently making the prediction that the Yuan could overtake the dollar as the principal reserve currency within a decade.

On my home turf in London, a string of schools now offer Mandarin lessons to children as young as three, including Easy Mandarin UK in Belgravia and the Link Chinese Academy, which runs "fun" classes in "the language of the future" in Soho, Liverpool Street and Hammersmith. Back in 2008, *The Daily Telegraph* reported a rush on Mandarin-speaking nannies by "high-achieving parents" looking to "invest in their children's future". Wherever you look, China's dominance seems inevitable. But is it?

At least twice a year I go back to China to update my understanding of my magical, constantly changing home country. As a writer, I try to dig out what's really going on behind the cities' monolithic shopping centres, the billboards flashing that day's FTSE index, as well as visiting the countryside, where life couldn't be more different.

My most recent trip to China was in September. It began with 10 mad, busy days in Beijing where my husband, as consultant to China Publishing Group, was attending the International Book Fair. I had gone to Nanjing to research my new book on the effects of China's one-child policy, through the eyes of the first generation.

We then went to Shanghai where we were both giving lectures at Fudan University. Much of our time had been spent on the road, and we were by now desperate for a break from the swarming cars and the crowded streets, all overlooked by the unending skyscrapers lived in by over 16 million people.

A friend suggested a trip to Suzhou, “to have a walk and drink tea at some of the ancient tea farms, such as Guhan Village. No cars, no tourists”.

Before I left for Britain in 1997, this pleasant journey used to take me an hour by car. This time it took five hours and after a rushed lunch our driver warned us we would have to leave – “otherwise you won’t get back to Shanghai for dinner, even by Western standards”. (The Chinese eat dinner a lot earlier.)

As we reached the outskirts of the city and joined a crawling convoy of cars all fighting to get onto the motorway (the radio that morning had reported that the number of cars in China had recently reached 100 million, second only to the US’s 285 million) I took the opportunity to talk to our driver. What might he reveal about the state of modern China and where it is headed?

He was a father in his early thirties and had learnt to drive in the army. Many young peasants try very hard to get into the military, seeing it as an opportunity to have a better life than their parents and grandparents, who grew up in rural poverty or moved to the cities to live at the bottom of society as labourers. And yet, while he was far from being a member of the elite, he was by no means living a simple, pared-down existence: “Drivers have no chance of making big money like politicians and governors, but we need it as much as everyone does. We all only have one child and we want to give the best to them.

“My daughter’s kindergarten is not in the top list at all but it costs over 10,000 RMB (£1,000) a year. She’s going to a primary school this year, and it has cost more than 30,000 RMB just for the ‘entrance donation’ which is for a very average school.” When I asked how often he saw his daughter, he said, “There is no time for family, everybody is busy making money for their children. I use every occasion to sleep for the next stretch of work.”

No wonder: he told me he generally worked 15-hour days and that many Shanghai taxi drivers work for 18 hours without a break. “Drivers I know have died because they have fallen asleep at the wheel. What a waste.” I met hotel workers in Shanghai and Beijing, most of them in their early twenties, who told me they’d happily work more than 12 hours a day, seven days a week, without holidays, if they could make some extra money.

China has become a machine for generating wealth and opportunity, but is this nation of exhausted

workers really one that can one day lead the world?

And what of the generation the one-child policy has spawned? Children from the biggest 40 cities are living in the three-screen world (television, computer and mobile), wearing global designer brands, travelling first class, and buying houses and cars for their one or two years' study overseas. For these young "super-rich", price has become no object, some even flying to and from Hong Kong for a day's shopping.

It's hard to conceive of them becoming China's next generation of entrepreneurs, when, unlike their parents and grandparents, many have never touched a cooker and barely know how to make their own beds. They may have had superior schooling but many critics believe China's education system – with its obsession with test-taking and rote memorisation – stifles rather than encourages creativity. Indeed, today's entry exam for China's universities, the "gaokao", has its origins in a recruitment test devised by the imperial government in the sixth century, and, according to Jiang Xueqin, a Yale-educated school administrator in Beijing, rewards "very strong memory; very strong logical and analytical ability; little imagination; little desire to question authority". China could be seen as a brilliant imitator but a poor innovator – its talents for replicating anything the Western world has to offer evidenced by the recent uncovering of 22 fake Apple stores across Kunming, the capital of Yunnan Province in south-west China. So convincing were the stores that even staff members believed they were working for Apple. Genius, in a way. But misdirected genius.

If China is to dominate the creative industries as it has manufacturing, it needs to borrow a line from Apple's marketing department: "Think different". Liu Jun, a businessman recently crowned one of the "50 most creative individuals in China", says it's an uphill struggle.

"The reason the Chinese don't have global companies is that we don't have a global vision," he said recently. "Chinese designers only think about what pleasures them, not the customer. It's a huge problem." Chinese corporate structures remain very rigid, and, according to Daniel Altman, a consultant at Dalberg Global Development Advisors, original ideas "have to percolate through so many layers of hierarchy that most won't survive to the top. China has a long way to go before it will be anything like the US in its ability to foster entrepreneurship."

Of course, such dreams of corporate domination are a far cry from the lives of China's peasants and farmers, who make up 70 per cent of the population. And for many lower down the chain, there is a growing resentment at our servicing of the US debt. As our driver put it: "Why, when Chinese people are watering our land with sweat, working hard day and night, are Americans comfortable, wearing sunglasses, able to enjoy the sun and sea? Why do we have to help them with their financial troubles?"

I didn't tell him that in July this year, the total number of US bonds held by China had reached \$1.1735trillion, equivalent to each person in China being owed 5,700 RMB (£570). I think, as Chinese people, we all know how this burden of debt accumulated, through years of bent backs and rough work, but not many people dare speak out. This is partly because most Chinese people don't understand the scale of the financial crisis in the US and partly because we are not used to questioning our country's leaders.

Taiwan-born Larry Hsien Ping Lang, a professor of finance at the University of Hong Kong, is known for his critiques of the Chinese economy. Earlier this month he warned that concerns about the state of the US economy have been overblown, and that it is really China's precarious financial position the government needs to address.

"Our economy is not healthy," he wrote, "and China's manufacturing industry will be the end of its development. The number of business closures will reach 30 per cent or 40 per cent because the manufacturing zone faces two difficulties. First, the investment environment has deteriorated across the board and, second, there is serious excess capacity.

"These difficulties have led to a manufacturing crisis and entrepreneurs have had to retreat." China's rocketing house prices, fuelled by money advanced from the manufacturing sector, are only adding to China's "bubble economy", Lang believes.

Is the bubble about to burst? Lang fears it is. In his eyes, the speed of growth of China's economy *must* slow down to give time for its education system and society to catch up; to improve the balance between rich and poor, and to allow time to consider what China needs to create a strong future.

After years spent researching the issues caused by a society made up of single children, I can't help agreeing with Lang. Indeed, sometimes my home country feels like a nation in chaos.

Take the number of deaths on the road. In the past five years (2006-2010), there have been 76,000 road traffic deaths in China every year, accounting for more than 80 per cent of the total killed in all industrial accidents. Since 2001, divorce rates have also shot up. China's highest divorce rate is in Beijing (39 per cent), closely followed by Shanghai (38 per cent).

Today, more than half the number of divorces are between people in their twenties and thirties, most of them from the first generation of the single-child policy. Many of this generation don't even want children. Some don't like the idea of being ousted from their position within the family; others say they simply don't have the time to care for a child. At least they know their limitations. In the last five years, there have been numerous cases of two and three year-olds who have

suffocated to death in family cars. Why? Because their distracted parents entrusted them to the care of drivers who left them locked in airless cars while running errands. It's hard to take in, but it's happening.

China is changing and, for some, the results are difficult to see. When I was in Nanjing with old friends (a group of traditional lantern makers), they chatted about children they hadn't seen for a long time. They couldn't understand how life is getting better and yet the family is disappearing.

There is no question that China has progressed in the past 30 years. I don't think any nation in history has improved 1.3 billion peoples' lives in such a short space of time. Most of our grandparents were saving a few soya beans everyday to help their family survive the famine, my parents would queue for hours just to get a bottle of cooking oil.

But are we really the next superpower? Can we really interact with the most developed countries when our free market economy is only 30 years old?

Even if we do become a superpower, will it be one that is firmly under central government control? Will we lose our identity – our family values and our culture – until we can no longer tell the difference between the Chinese dragon (how the Chinese think of themselves) and the Chinese lion (how the West thinks of us)? China, this sleeping lion is now awake, and you must find a way to feed it, and to keep it alive.

Back in Shanghai, our epic 10-hour journey between Shanghai and Suzhou finally over, my husband, Toby, cried out: I won't get in the car in China again.

But we knew we would. It is a country that is far too exciting and colourful to give up on and most exciting of all, its story is still being written.

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